TRANSCORP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 27 April 1995)
(Company Registration Number: 199502905Z)

RESPONSE TO SGX-ST QUERIES ON THE ANNOUNCEMENTS IN RELATION TO (1) ENTRY INTO A MEMORANDUM OF UNDERSTANDING ("MOU") WITH AN INTERESTED PERSON TO PARTICIPATE IN A PROPERTY DEVELOPMENT PROJECT IN DONGSHAN RELEASED ON 31 OCTOBER 2017; AND (2) RESIGNATIONS OF MR GOH CHIN SOON AS EXECUTIVE CHAIRMAN AND MR TAN CHADE PHANG, ROGER AS INDEPENDENT DIRECTOR OF THE COMPANY RELEASED ON 27 FEBRUARY 2018 AND 28 FEBRUARY 2018

The board of directors (the "**Board**") of Transcorp Holdings Limited ("**Transcorp**" or the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to set out its responses to the queries raised by the Singapore Exchange Regulation on the announcements in relation to (1) entry into a MOU with an interested person to participate in a property development project in Dongshan released on 31 October 2017; and (2) resignations of Mr Goh Chin Soon as Executive Chairman and Mr Tan Chade Phang, Roger as Independent Director of the Company released on 27 February 2018 and 28 February 2018 (the "**Announcements**").

A. Company's responses to queries on 1 November 2017

Query 1

Does the Company have the expertise in property development? What is the role of Transcorp in this Project?

Company's response:

Our Executive Chairman, Mr Goh Chin Soon was the Chief Executive Officer of Fu Jia Development Co Ltd (China) since 2009 and Hua Xin Development Co Ltd. (Taiwan) since 2000 ("**Hua Xin**"). He is also the Chairman of Dongsan Overseas Chinese Hotel (China) since 1990 ("**Dongshan OCH**"). Hua Xin developed Marina City in Qingdao and Dongshan OCH build and run the management of Dongshan hotel.

Transcorp is expected to participate in the management of the Project Company and in the Project, and to take charge of the selection of the concept planning, design and the luxury level for the Project.

Query 2

The announcement mentioned the payment of a deposit of S$6,003,000 to the Project Company as 'good faith'. Is this necessary given that this is an MOU? Please provide reasons. What does the Project Company intend to do with this S$6,003,000.

Company's response:

Ms Cheng Ming Ming ("**CMM**") has invited the Company to jointly bid for the Land in April 2017 but as the Company needed time to study the proposal, she proceeded to bid for the Land on her own. After she has successfully bid for the Land on 10 April 2017, the Company has asked her to keep the opportunity open for the Company to participate in the Project at cost. Parties have been in discussion since April 2017 and in the process CMM has acceded to the Company's suggestion to carry out an integrated development of quality residential apartments, recreational facilities and retail units on the Land and has continued discussion with the Company on an exclusive basis without signing any agreement, memorandum of understanding or letter of intent. CMM has recently informed the Company that she would start negotiation with other parties if there is no progress in the negotiation between the Company and her on the proposed transaction by end of October 2017. In order to continue the negotiation and to secure the exclusivity to participate in the Project at cost, the Company acceded to CMM's request to put forth the good faith deposit as a demonstration of good faith and of the Company's ability to pay for its portion of the Land cost before April 2018 should parties enter into the Formal Agreements. The Project Company will hold the S$6 million as deposit pending the execution of the Formal Agreements.

Query 3

Based on the latest financial results (1HY2017), Transcorp has approximately S$7 million in cash. Will the payment of S$6 million in cash as deposit hamper the operations of the Company?

Company's response:

Based on the cash flow projection for the 12 months from November 2017 to October 2018, the Board is of the opinion that the payment of the S$6 million in cash as deposit does not hamper its operations.

Query 4

Please provide the Board's consideration for entering into this MOU with the Project Company given that this business is new and will significantly change the risk profile of the Company.

Company's response:

The Board considered that this is an opportunity for the Company to enter the lucrative property development sector in China and given the fact that CMM is a controlling shareholder of the Company; her interest would be aligned with the Company's interest in ensuring that the Project would be successful. This is not to mention that our Chairman, Mr Goh Chin Soon has the relevant expertise in the property industry.

The Company's principal activities include property leasing and development. Therefore, going into property development does not change the risk profile of the Company. In 2012, the Company took up a 10% stake in Santarli Realty Pte Ltd, an investment in a residential development at Pheng Geck Avenue, Singapore.

Query 5

Please provide a background of the Project Company.

Company's response:

The Project Company was newly incorporated on 28 Apr 2017 for the purpose of project development. Its shareholder and legal representative is CMM. CMM is a controlling shareholder of the Company, holding 64,700,000 shares in the Company constituting 27.03% of the issued and paid-up shares of the Company.

The Project Company has secured the rights to a prime site with gross floor area (GFA) of approximately 13,000 square metre (sqm) in Dongshan County, Qipu Town, Xincheng Road East Yuanchang Dianpian District (东山县西埔镇新城路西側原广电片区) for RMB56.5 million.

The project will include the development of quality residential apartments, recreational facilities and retail units.

B. Company's responses to queries on 27 February 2018 and 28 February 2018

Query 1

With Mr Goh Chin Soon's resignation, there are no EDs left on Board. Could we understand the Company's plans going forward?

Company's response:

The Company and the Board will use their best endeavour to fill the vacancy with regards to the Audit Committee, Nominating Committee, Remuneration Committee and Executive Director and/or Chief Executive Officer within two months, and in any case not later than three months.

Query 2

Were there concerns / disagreements amongst board members / key management? Any adverse developments in the Company?

Company's response:

There are no concerns or disagreements amongst board members and key management. The Company is endeavouring to fill the vacancy with regards to the Audit Committee, Nominating Committee and Remuneration Committee within two months and in any case not later than three months. In the meantime, the key management is taking care of the day to day operations of the Company until the vacancy is filled.

Query 3

The MOU that the Company entered into previously involves property development. In your response to our queries previously, the Company mentioned that Mr Goh Chin Soon is the only person in the Company that has expertise in property development. Who will oversee the MOU going forward?

Company's response:

The Company is in the process to appoint a suitable candidate who has the expertise in property development to overseas the MOU going forward. Once the candidate has been finalised, the Company will make the relevant announcement.

Query 4

What is the status of the Project?

Company's response:

The Company is working closely with corporate lawyers in Singapore and China respectively to finalise the Joint Venture agreement ("**JVA**") with the relevant parties. An announcement will be made once the JVA has been signed. The JVA will be subjected to shareholders approval and an EGM will be held in the near future. The Company is being advised by its lawyer on the said matter. There will be an Independent Financial Advisor ("**IFA**") to be appointed as per consultation with ACA. The IFA is currently being shortlisted.

Query 5

Is the S$6,003,000 in cash paid previously to the Project Company still kept as 'good faith' deposit or has it been utilised already?

Company's response:

As of now, the S$6,003,000 has not been utilised and is still being kept as a good faith deposit. Based on the Company's understanding, this deposit will be utilised for the payment of remaining balance of the land cost latest by 20 April 2018.

BY ORDER OF THE BOARD

Tan Wee Peng Kelvin
Lead Independent Director

13 March 2018